



**OFFICE OF  
INSURANCE COMMISSIONER**

*In the Matter of*

# PREMERA BLUE CROSS

An Authorized Insurer

Order No. D07-302

# CONSENT ORDER LEVYING A FINE

To: PREMIERA BLUE CROSS  
7001 - 220TH ST SW  
MOUNTLAKE TERRACE, WASHINGTON 98043

The Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080 and RCW 48.02.185, and having reviewed the official records and files of the Office of the Insurance Commissioner ("OIC"), makes the following:

### FINDINGS OF FACT:

1. Premera Blue Cross (herein "Premera" or the "Company") is an authorized health care service contractor licensed in the State of Washington.
2. In 2007, Premera changed its contract portfolio for groups of up to 199 subscribers. Premera notified the affected employer groups, as well as brokers and agents, of the discontinuation of existing contracts, and gave employer groups the opportunity to choose among the new contracts being offered as of the date of discontinuation. Employers were provided at least 90 days advance written notice, as required by applicable law. In addition, Premera provided notice to all affected subscribers. Premera notified 74,493 subscribers at least 90 days in advance of the discontinuation, and notified the remaining 18,689 subscribers less than 90 days in advance.

Based upon the foregoing Findings of Fact, the Commissioner makes the following:

**CONCLUSIONS OF LAW:**

1. WAC 284-43-125 requires health carriers to comply with all Washington state and federal laws relating to the acts and practices of carriers and laws relating to health plan benefits. RCW 48.43.035(4)(c) requires health carriers intending to discontinue a health benefit plan to provide at least 90 days notice to each group. Premera complied with this requirement. 45 CFR 146.152 (c)(1) requires issuers intending to discontinue a product to provide at least 90 days advance notice in writing to each plan sponsor provided that particular product (including all participants and beneficiaries covered under such coverage), that product discontinuation will

occur. Premera provided the required written notice to all employers, but did not provide timely notice to certain of its subscribers.

**CONSENT TO ORDER:**

NOW, THEREFORE, Premera, acknowledging its duty to comply fully with the applicable laws of the State of Washington, consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle the matter in consideration of the Company's payment of a fine and such terms and conditions as are set forth below:

1. Premera consents to the entry of this Order, waives any and all hearing rights, and further administrative or judicial challenges to this Consent Order;
2. By agreement of the parties, the Insurance Commissioner will impose a fine of \$5,000 (Five Thousand Dollars) on the conditions that:
  - a. Within thirty days of the entry of this Order, Premera pays \$5,000.
  - b. Premera commits no violations of the statutes and regulations relating to the matters identified in the foregoing Findings of Fact and Conclusions of Law for a period of two years from the date this order is entered.
  - c. Premera understands and agrees that any failure to comply with the statutes and regulations relating to the matters identified in the foregoing Findings of Fact and Conclusions of Law constitutes grounds for further penalties, which may be imposed in direct response to such further violation.
3. Premera's failure to timely pay this fine and to adhere to the conditions shall constitute grounds for revocation of Premera's Certificate of Authority, and shall result in the recovery of the amount of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

EXECUTED this 30th day of November, 2007.

PREMERA BLUE CROSS

	By <u>John H. Pierce</u>
Printed Name	<u>John H. Pierce</u>
Typed Corporate Title	<u>Vice President, General Counsel</u>

## ORDER OF THE INSURANCE COMMISSIONER

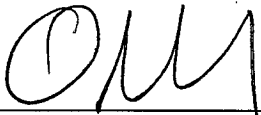
Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. Premera shall, within thirty days of the entry of this Order, tender payment of a fine in the amount of \$5,000 (Five Thousand Dollars), on the condition that the Company fully complies with the laws and regulations which are the subject of this Order for the next two years.

2. The Company's failure to pay the fine within the time limit set forth above shall result in the revocation of the Company's Certificate of Authority and in the recovery of the fine through a civil action brought on behalf of the Insurance Commissioner by the Attorney General of the State of Washington.

ENTERED AT TUMWATER, WASHINGTON, this 6 day of December, 2007.

MIKE KREIDLER,  
Insurance Commissioner

By   
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Alan Michael Singer  
Staff Attorney  
Legal Affairs Division